

trying to accomplish in bringing the situation in Iraq to the point where we can conclude one way or the other that Saddam Hussein has complied with the international obligations he agreed to, and bring that matter to a conclusion to enforce those agreements, while at the same time preparing to resolve the situation in North Korea in a way that will not break out in some kind of military conflict but will result in a situation in which North Korea has dismantled its nuclear program, its weapons of mass destruction proliferation program, and its missile development program in an enforceable and verifiable way.

I yield the floor.

The PRESIDING OFFICER (Mrs. DOLE). The Senator from Nevada.

EXTENSION OF MORNING BUSINESS

Mr. REID. Madam President, morning business expired at 2:30. Senator DOMENICI is in the Chamber, as well as Senator MURRAY, and there are two Republicans on the floor. Does Senator DOMENICI wish to be recognized speak?

Mr. DOMENICI. That is what I came down for.

Mr. REID. For how long?

Mr. DOMENICI. About 7 minutes.

Mr. REID. I ask unanimous consent that morning business be extended to allow Senator DOMENICI to speak for 10 minutes and Senator MURRAY for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from New Mexico.

THE ECONOMY

Mr. DOMENICI. Madam President, I note that we have a little time before we are hopefully going to move on to the appropriations bills. I am very hopeful that the appropriations leaders, under the leadership of our new leader and Senator DASCHLE, will come forward with an approach that will permit us to wind up the business from last year that we have not finished yet.

That brings to mind the business of the year we are in, which we should be working on but cannot because we have not finished last year's work. So that is why we are doing it now.

The President of the United States is going to speak to the American people a few nights from now, and what most Presidents do, and the Cabinet members who work for the President, is sometime before the State of the Union they start talking to the American people about the principal problems that our Nation has and they throw out the ideas they are considering.

Consistent with that, everyone knows the American economy is, at best, a growth economy without new jobs or an American economy that has not come out of a recession. It looks as though it is the former rather than the latter, because if our method of measuring things is correct, we are growing.

That is, the gross domestic product is getting a little bigger every month and in a year it will be significantly bigger.

Let us start by defining how big is the gross domestic product. The sum total of all actions that are worth anything in America, that is the gross domestic product: \$10 trillion. We cannot even understand how big \$10 trillion is. Later in the year, we will compare it with other countries'. I surmise it probably is big enough so that it is bigger than all of Europe's. We could probably add in China, South America, and a couple of more countries, and it is probably still bigger than that.

For about 10 years, the economy not only was growing but it was adding jobs. As that happened, it miraculously started producing substantially more revenue than we had predicted.

Nobody has come to the floor nor have I heard anybody nationally tell us why it produced so much more revenue than we anticipated. Revenue is a substitute word for taxes, tax receipts. We did not know why, but it produced billions of dollars in taxes that we did not expect. So that is why we got a balanced budget ahead of schedule; tax revenue came in about \$60 billion more than we expected. So we got a balanced budget 3 years before we predicted, for which we all took credit. President Clinton took credit. Budget Committee Chairman DOMENICI took credit. Everybody took credit. I was chairman of the Budget Committee and we got four balanced budgets. Most of it came because we held expenditures down rather reasonably—not as much as we should have, but the revenues came in rather soundly on the high side.

Then what happened was the economy went through one of the smallest recessions in modern times. By that I mean, how many months did the economy stay in the red in terms of the growth in domestic product? How long was it shrinking instead of growing? If it shrinks for very long, people go out of work, companies do not sell their product. In other words, things that create wealth are not happening when it is shrinking.

So it was shrinking, but only for a short period of time, and then the measurement of the growth started going up. As a matter of fact, right now we are told that the economy is growing at about 3.5 or 4 percent. But people in this economy are not being hired, so unemployment is not going down, it is going up slightly.

For those who say how bad it is, obviously it is terrible when any American is out of work, but 6.1 or 6.2 percent unemployment is seen as high unemployment only in the last 12 or 15 years. Prior to that, 6, 6.5, 7 percent was pretty good in the American economy. We have grown to expect better of it, but certainly it is not in a state of depression. People in this economy are not being hired because something is happening internally that is different. It may be the huge drop in the stock market has something to do with it.

We cannot say that for certain. People do not want to believe that. Powerful thinkers say it really is not, but I think probably it does have something to do with it.

In addition, investment by businesses produces wealth, so they can hire more people. What do I mean? A filling station owner buys another filling station and invests \$350,000, and he hires 12 full-time people. That is an increase. To get there, he had to put money in. Money is not being invested in new actions that cause people to be employed.

What we have to do is take this giant economy, \$10 trillion, and give it a kick by putting some more money into it. That will make these transactions start moving again. Anyone who comes to the Senate saying, let's have a tiny package, the President's package of \$600 billion over 10 years is too much; so, what do you want? Say, \$100 billion. Of that, how much goes into the economy to be spent? Well, \$60 billion. And you think \$60 billion will kick the economy so it will grow \$10 trillion with \$60 billion? The economy will not even know it happened. \$60 billion is a mouse. The economy does not need a mouse giving it a kick. The economy needs an elephant and a donkey and some cars to run into it, give it a real kick. It has to have real money, not little tiny boxes of raisins.

One time someone wanted to start the economy up, some president wanted to give everyone a bit of money and it was so small that one Senator said, don't bother with it. The Internal Revenue can just get up on top of buildings and drop \$50 bills and people will pick them up. Sure, they will spend them. That is the real way to stimulate the economy. Of course, we did not do that.

I am talking about how much. The President's numbers of \$660 to \$700 billion over 10 years is said by Senators on that side to be way too much. Way too much for what? The deficit will get too big. Would you like the economy to stay like it is, in a state of neutrality where it is not generating any revenue? If that is the case and you want to get into balance, you have to cut everything 10 or 15 percent. America last reduced its budget in a recessionary period when Hoover was president. That is now known as Hooverism. Or Hoover economics. Great man. Solid economist. Great geologist. A great idea. Except when the economy is not going, you do not cut the budget, you spend on the budget or you cut taxes.

We will be spending, do not worry, because we are in a war. But you have to put tax cuts in place so the Government puts money in the hands of people; money they would not otherwise get. If they are already going to get it, you do not give it to them because that money is already in the economy. So you give them money they are not going to otherwise get. Cut their taxes, change the marriage tax penalty so they keep more money, reduce the brackets so you are in a lower bracket